

**The minutes set forth are an unofficial copy of this month's board meeting minutes. For an official (signed) copy please contact the Authority.**

## **IOWA FINANCE AUTHORITY BOARD MEETING MINUTES**

**Hotel Fort Des Moines  
May 5, 2004**

### **BOARD MEMBERS PRESENT**

|  |                   |
|--|-------------------|
| Vincent Lintz, Chair                   | Virginia Bordwell |
| Kay Anderson, Vice Chair               | Roger Caudron     |
| Nancy Evans, Treasurer (via telephone) | Douglas Walter    |
| Steve Adams (via telephone)            | Dick Wright       |

### **STAFF MEMBERS PRESENT**

|  |  |
|--|--|
| Michael Tramontina, Executive Director                                   | Craig Johnson, Financial Analyst/Underwriter           |
| Mary Bilstad, Affordable Assisted Living Coordinator                     | Bret Mills, Chief Financial Officer                    |
| Roger Brown, Director of HUD Programs, Section 8 Contract Administration | Tim Morlan, Underwriter                                |
| Mickey Carlson – Single Family Program Manager                           | Sharon Murphy, Housing Specialist HAF/HIRE             |
| Donna Davis, Deputy Director, Director of Housing Programs               | Loyd Ogle, Director of Policy and Governmental Affairs |
| Monica Fischer, Public Information Officer                               | Carla Pope, Service Enriched Housing Director          |
| Alyson Fleming, Administrative Assistant                                 | Tracy Scebold, Housing Allocation Manager              |
| Glenda Gaumer, Senior Housing Compliance Specialist                      | James Smith, General Counsel                           |
|  | Tim Waddell, Tax Credit Manager                        |
|  | Nancy Wallis, Administrative Assistant                 |
|  | Matt White, Deputy Director, Title Guaranty            |
|  | Vicky Winter, Legal Secretary                          |

### **OTHERS PRESENT**

|  |   |
|--|---|
| Bob Bauman – Homeward, Inc.                  | Al Hans – Piper Jaffray                                       |
| David Claypool – Dorsey & Whitney Law Firm   | Beth Hock – Wells Fargo                                       |
| Al Collet - IDED                             | Nicole Jones – State Treasurer's Office                       |
| Jim Conlin – Conlin Properties               | Frank Levy – Newbury Development                              |
| Larry Cox – Ethanol IDEA                     | Ken Peterson – Ethanol IDEA                                   |
| Melody Cox – Ethanol IDEA                    | Bruce Ray – Department of Housing and Urban Development (HUD) |
| Joni DeVries – Wells Fargo Bank Iowa, NA     | Lisa Reidburn – Wells Fargo                                   |
| Grant Dugdale – Attorney General's Office    | Lee Rood – Des Moines Register                                |
| Scott Fitzgerald – National Equity Fund      | Kathleen Yori – Newbury Development Co.                       |
| David Grossklaus – Dorsey & Whitney Law Firm |   |

### **CALL TO ORDER**

Chair Lintz called to order the May 5, 2004 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Evans, Adams, Bordwell, Caudron, Walter and Wright.

## **REVIEW AND APPROVAL OF MINUTES**

### **April 7, 2004 - Board Meeting**

Chair Lintz introduced the minutes of the April 7, 2004 meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Ms. Bordwell and a second by Mr. Caudron, the Board unanimously approved the minutes of the April 7, 2004 Board of Directors meeting.

## **MANAGEMENT REPORT**

### **Summary & Overview**

Mr. Mike Tramontina announced he may be required to leave the meeting before its conclusion to attend an out-of-state conference.

## **LEGAL / REGULATORY**

### **Closed Session**

MOTION: On a motion by Ms. Anderson and a second by Mr. Caudron, the May meeting of the Iowa Finance Authority Board of Directors adjourned at 10:59 a.m. to reconvene in closed session.

A roll call vote was taken: YES: Lintz, Anderson, Evans, Adams, Bordwell, Caudron, Walter, and Wright: NO: None. ABSTAINED: None.

Chair Lintz requested the public and staff, with the exception of housing program and management staff, to leave the meeting.

MOTION: On a motion by Mr. Wright and a second by Ms. Anderson, the closed session portion of the May meeting adjourned at 11:44 a.m.

Chair Lintz reconvened the open meeting at 12:05 p.m.

## **FINANCE AND ACCOUNTING**

### **Finance Update**

Mr. Bret Mills stated the General Fund has year-to-date (YTD) net income of \$565,400 as shown in the 5-Year Trend Analysis. He stated the Authority's General Fund reflects a YTD net income of \$346,158, when adjusted for the fair market value.

Mr. Mills reported the Single Family 2004 series A & B priced April 21 and April 22, 2004. He said Series A was sized at \$30 million and Series B at \$15 million for a total bond issuance of \$45 million. Mr. Mills stated the TIC or cost of funds came in at 3.61% and the variable rate structure saved the Authority 65 basis points on the Series B bonds. He said the Single Family 2004 Series A & B bonds will close the first week of June.

Mr. Caudron inquired as to the possibility of using the swap method for the entire pricing.

Mr. Mills stated there must exist the capacity to do so and various rating agencies have their opinion about the capacity of using the swap to finance the entire series. He stated the Authority financed the series in the most prudent manner available.

Mr. Smith referred the Board to the pricing books which were distributed to each Board member.

#### Capital Adequacy Report

Mr. Alan Hans of Piper Jaffray made a brief status report on the Capital Adequacy Report and referred to the summary page distributed to the Board. He stated the report will be finalized later in the month for the Authority's presentation to Standard & Poors.

### **COMMUNITY / ECONOMIC DEVELOPMENT /STATE REVOLVING FUND (SRF) PROGRAM**

In the absence of Ms. Lori Beary, Mr. James Smith made the Economic Development and State Revolving Fund (SRF) Program report to the Board.

#### **Economic Development Loan Program**

##### ED. Loan #04-01, The Reserve

Mr. Smith asked the Board to hold a public hearing regarding the issuance of \$10,940,000 in Iowa Finance Authority Development Revenue Bonds for the Reserve in Urbandale. He reported the inducement resolution was adopted at the April 7, 2004 Board of Directors meeting.

##### Public Hearing:

Chair Lintz opened the public hearing at 12:06 p.m. regarding the issuance of \$10,940,000 in Iowa Finance Authority Development Revenue Bonds for the Reserve in Urbandale. Mr. Tramontina said the Authority had received no written or verbal comments regarding the project. There being no written or verbal comments from the audience, Chair Lintz closed the public hearing at 12:07 p.m.

Mr. Smith then introduced the authorizing resolution for \$10,940,000 in Iowa Finance Authority Development Revenue Bonds for The Reserve in Urbandale. He stated the bonds will be used for the construction of up to 60 units of senior housing. Mr. Smith said The Reserve is a nonprofit organization that develops and operates an independent senior living facility in Urbandale. He stated this would be Phase II of its existing facility, The Reserve on Walnut Creek.

#### **RESOLUTION #04-01B**

**MOTION:** Mr. Wright made a motion approving the issuance of \$10,940,000 Iowa Finance Authority Development Revenue Bonds (The Reserve Project), Series 2004 for The Reserve and evidencing the intent to proceed with the issuance of \$10,940,000 Development Revenue Bonds. On a second by Ms. Evans, the Board unanimously approved Resolution #04-01B.

##### ED Loan #04-02, Ethanol IDEA Belle Plaine Project

Mr. Smith introduced the application for \$200,000,000 of Taxable Revenue bonds for ethanol IDEA of Belle Plaine. He said the proceeds will be used to construct two 40 million gallon ethanol units and three bioenergy fueled steam and electrical power supply units in Belle Plaine in Benton County.

Mr. Smith explained as the bonds are taxable, there is no need for a public hearing and the project will not require Private Activity Bond Cap. He stated the Authority usually does not issue many taxable bonds; however, a major investor in this project is a pension fund that requires the bonds it purchases to be issued by a government issuer.

Ms. Anderson requested those present who represent the project to speak to the Board about the project.

Mr. Larry Cox, of Ethanol IDEA, and Mr. David Claypool, of the Dorsey and Whitney Law Firm, spoke to the Board on the project and the use and issuance of the taxable bonds.

#### **RESOLUTION #04-02A**

**MOTION:** Mr. Walter made a motion approving the application for \$200,000,000 of Iowa Finance Authority Taxable Revenue bonds (ethanol IDEA Belle Plaine Project), Series 2004 for ethanol IDEA Belle Plaine, LLC and evidencing the intent to proceed with the issuance of \$200,000,000 Taxable Revenue Bonds. On a second by Mr. Wright, the Board unanimously approved Resolution #04-02A.

#### **State Revolving Fund Update**

Mr. Smith referred to the handout included with the Board packets.

### **HOUSING PROGRAMS**

#### **Homeownership Programs**

##### **Single Family Status, Delinquency and Activity Reports**

Ms. Donna Davis referred to the monthly activities report and charts included in the Board materials.

##### **Resolution Re: Single Family Construction Loan – Brantley Built Homes, LLC**

Ms. Davis referred to the written summary included in the Board materials. She stated the construction should complement the existing structures in the neighborhood and meet the existing accessibility standards. Ms. Davis explained the developer is proposing to build several homes on Martin Luther King Jr. Parkway, however, staff felt the street was heavily traveled and would not be suitable for families with children. Ms. Davis reported staff will recommend the developer seek other lots in close proximity to the originally planned sites.

Mr. Wright inquired as to whether the loan terms were a revolving loan fund.

Ms. Davis stated the entire amount of the loan was not stated since the programs' administrative rules allow for a maximum amount of \$500,000. She said the language in the resolution allows for an amount of up to \$500,000 since there would not be more than that amount outstanding at any one time.

Mr. Smith explained that before another home is constructed; a previously constructed home would be sold, reducing the outstanding amount of the revolving loan.

Mr. Wright inquired as to the interest rate of the loan.

Mr. Smith stated the interest rate was calculated using the 3 month LIBOR plus 2 and 1/8<sup>th</sup> of a percent rounded to the nearest 1/10<sup>th</sup> of a percent for a total interest rate today of approximately 5%.

Ms. Davis stated the Housing Assistance Fund (HAF) will provide grant funds for the amount between the 3% rate and the total interest rate if the HAF rules are satisfied.

Mr. Wright inquired as to the qualifications of the developer.

Ms. Davis stated the developer is required to attend a face to face meeting with staff to ensure the terms of the program are understood.

Mr. Caudron inquired as to the possibility of including a specific limitation on the resolution as to the construction proposed for the properties on Martin Luther King Jr. Parkway.

Chair Lintz stated he felt the Board's intention would not include the limitation of any construction on Martin Luther King Jr. Parkway, as that area of the city would benefit greatly from the proposed single family construction and development.

Ms. Sharon Murphy stated she examined the proposed sites, which are north of University Avenue and said she felt the lots were very close to the street which is heavily traveled.

Ms. Davis stated she understood Chair Lintz's point; however, it would be the staff's judgment to determine the sites and their suitability for single family construction.

Mr. Caudron clarified his point and stated he wondered if the sites in question might possibly be converted to commercial use in the future.

Mr. Smith stated the resolution as written authorizes Mr. Tramontina and Ms. Davis to finalize the terms of the final agreement.

MOTION: Mr. Adams made a motion to approve the Resolution Re: Single Family Construction Loan for Brantley Built Homes in an amount not to exceed \$500,000 as a revolving loan fund to build six single family three bedroom homes in the community of Des Moines, Iowa, with the homes located in a state enterprise zone. On a second by Ms. Anderson, the Board unanimously approved the Resolution Re: Single Family Construction Loan for Brantley Built Homes.

Resolution Re: Single Family Construction Loan – Wichhart Construction Company

Ms. Davis referred to the written summary included in the Board materials. She explained the construction is in-fill rather than new construction in a designated sub-division.

MOTION: Ms. Bordwell made a motion to approve the Resolution Re: Single Family Construction Loan for Wichhart Construction Company and approving a revolving loan amount of not more than \$500,000 to build ten single-family three bedroom homes in the community of Creston, Iowa, which homes will be located in a state enterprise zone. On a second by Ms. Evans, the Board unanimously approved the Resolution Re: Single Family Construction Loan for Wichhart Construction Company.

**Low Income Housing Tax Credit**

Ms. Davis asked Mr. Tramontina to address the Board. He stated the recommendations and findings for each project were included in the Board materials. Mr. Tramontina said hearings were held for each appeal with the Board's decision considered the final agency action.

Arlington Place of Oelwein

Mr. Tramontina gave a description of the criteria on which his decision for denial of the appeal was based, including an explanation on the evaluation of the market study.

MOTION: On a motion by Ms. Anderson and a second by Mr. Caudron, the Board unanimously approved the decision to deny the appeal filed by Arlington Place of Oelwein.

#### Walden Point

Mr. Tramontina gave an explanation of the criteria on which his decision for denial of the appeal was based, including an explanation of enterprise zone tax credits and sales tax rebate and their inclusion in the source of funds in the application.

MOTION: On a motion by Mr. Caudron and a second by Ms. Anderson, the Board unanimously approved the decision to deny the appeal filed by Walden Point.

#### Prairie Garden

Mr. Tramontina gave an explanation of the criteria on which his decision for denial of the appeal was based including an explanation of the per-unit cost cap under the QAP.

MOTION: On a motion by Mr. Caudron and a second by Ms. Bordwell, the Board unanimously approved the decision to deny the appeal filed by Prairie Garden.

#### Jackson Point

Mr. Tramontina gave an explanation of the criteria on which his decision for denial of the appeal was based including an explanation of the underwriting criteria utilized by Authority staff.

MOTION: On a motion by Mr. Wright and a second by Mr. Walter, the Board unanimously approved the decision to deny the appeal filed by Jackson Point.

#### Winfield West III, L.P., Deer Ridge IV, L.P., Canterbury II Limited Partnership, and Parkside East IV, Limited Partnership

Mr. Tramontina gave an explanation of the criteria on which his decision for denial of the consolidated appeals was based including an explanation of the unit cap of 144 new units in the Des Moines Metropolitan Statistical Area (MSA).

MOTION: On a motion by Mr. Caudron and a second by Ms. Anderson, the Board unanimously approved the decision to deny the consolidated appeal filed by Winfield West III, L.P., Deer Ridge IV, L.P., Canterbury II Limited Partnership, and Parkside East IV, Limited Partnership.

#### Resolution Re: Allocation of Additional Tax Credits and Determination of Waiting List Order

Mr. Tim Waddell introduced the resolution to establish the order of the waiting list for returned tax credits. He stated the resolution places the projects on the waiting list in the same order as each project appeared on the 2004 Rank Master Sheet.

Mr. Tramontina inquired as to the amount of the remaining credits.

Mr. Waddell stated the remaining credits available are sufficient to fund the projects on the waiting list.

Mr. Smith stated a resolution will be presented to the Board at the June meeting to formally allocate the remaining credits.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Allocation of Additional Tax Credits and Determination of Waiting List Order placing the projects on the waiting list in the same order as they appear on the 2004 Rank Master Sheet and awarding additional tax credits in the amount of \$38,620 to the Walden Point Project. On a second by Ms. Bordwell, the Board unanimously approved the resolution.

### **Community Development**

#### **Main Street Loan Program**

##### **Resolution Re: Elkader Cinema Project**

Ms. Davis introduced the resolution to increase the loan amount for the Main Street Revitalization Loan for Lee and Diane Akin, the owners of the Elkader Cinema.

Ms. Davis referred to the written summary distributed to the Board members.

Mr. Caudron inquired as to the original loan amount and whether the addition of increased costs would have resulted in denial of the original application.

Ms. Davis stated the increase to the original loan amount was due to renovation costs which have continued to increase. She said the original loan amount of \$150,000 was increased to \$185,000 at the February 4, 2004 Board of Directors meeting.

MOTION: Ms. Bordwell made a motion to approve the Resolution Re: Elkader Cinema Project to increase the amount of the loan to allow for completion of the Project; to an amount not to exceed \$225,000. On a second by Mr. Walter, the Board unanimously approved the Resolution Re: Elkader Cinema Project.

Chair Lintz recessed the meeting at 1:45 p.m. and reconvened at 1:55 p.m.

### **OTHER HOUSING PROGRAMS**

#### **Multifamily Lending Activity**

Ms. Davis referred to the written summary and handout included in the Board materials.

### **SECTION 8 CONTRACT ADMINISTRATION**

Ms. Davis referred to the written summary included in the Board materials.

### **HOPWA (HUD Grant called Housing Opportunities for Persons with HIV/Aids):**

Ms. Davis referred to the written summary included in the Board materials

#### **Rural Home Building Initiative**

Ms. Davis reported the grant is in the process of closing and a final summary will be provided to the Board at the June meeting.

#### **Resolution Re: Housing Assistance Fund (HAF) CDFI Grant to Homeward Inc.**

Ms. Davis introduced Mr. Bob Bauman of Homeward Inc. and asked him to speak to the Board.

Mr. Bauman stated Homeward Inc. is proposing a two-year grant agreement partnership with the Authority to promote workforce (moderate income) housing in rural communities. He stated the Authority's grant funds will be used as a loan pool in addition to funds from CDFI. Mr. Bauman explained the three communities selected, Garner, Charles City, and Grundy Center, were chosen because they have housing developments in various stages, the Rural Electric Cooperative has made significant investments in economic development in the communities, and Homeward has relationships with each community.

Mr. Caudron inquired as to whether the subdivisions in each community are located within the incorporated city limits.

Mr. Bauman stated it is each community's intent that the subdivision is contained within those communities' city limits. He stated in the community of Grundy Center, the subdivision will be annexed.

Mr. Caudron stated he would like to stipulate the resolution state the proposed subdivision must be located within the community's corporate limits. He said any use of the funds must be contained within or in the process of annexation of that subdivision to a community within the state.

Mr. Bauman stated he saw no problem with the inclusion of the stated stipulation.

Ms. Anderson stated she and Mr. Caudron attended a Workforce Housing presentation given by Mr. Tramontina through the ICN network. She said it would be beneficial for the entire Board to view Mr. Tramontina's presentation as she felt the information was very valuable.

MOTION: Mr. Walter made a motion to approve the Resolution on Housing Assistance Fund (HAF) CDFI Grant to Homeward Inc. in the amount of \$100,000 as a grant to Homeward Inc. for use as a revolving loan fund to further the development of affordable rural workforce housing. Mr. Walter stipulated the adoption of the resolution include the use of funds for a subdivision which is incorporated as a part of each community. On a second by Mr. Caudron, the Board unanimously approved the Resolution.

### **TITLE GUARANTY DIVISION (TGD)**

In the absence of Mr. Loyd Ogle, Mr. Matt White presented the Title Guaranty Division report to the Board. He referred to the documents in the Board packets for further information regarding activities relating to TGD.

### **POLICY / LEGISLATION**

In the absence of Mr. Ogle, Ms. Monica Fischer presented the Policy and Legislation report to the Board. She referred to the documents included in the Board materials.

### **COMMUNICATIONS**

Ms. Monica Fischer referred to the handouts in the Board packets and updated the Board on upcoming conferences and events, as well as news articles that would appear in the near future.

Ms. Fischer shared the photographs taken during Congressman Leonard Boswell's recent urban



development tour organized by the Authority and Fannie Mae.

### **MISCELLANEOUS ITEMS**

#### Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no one in the audience wishing to address the Board, Chair Lintz closed the public comment period.

Ms. Anderson inquired as to the announcement of the New Markets Tax Credit awards.

Ms. Fischer stated the announcement should be made sometime in the month of May.

#### Next Month

The next regular meeting will be held at 9:30 a.m. on June 2, 2004 at the Grand Harbor Hotel in Dubuque.

### **ADJOURNMENT**

There being no further business, on a motion by Mr. Caudron and a second by Ms. Anderson, the May meeting of the Iowa Finance Authority Board of Directors adjourned at 2:35 p.m.

Dated this 2<sup>nd</sup> day of June, 2004.

Respectfully submitted:

Approved as to form:

Michael L. Tramontina  
Executive Director  
Iowa Finance Authority

Vincent C. Lintz, Chair  
Iowa Finance Authority